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SIPDIS

STATE FOR E, EB/CBED, EB/ESC, EUR/SE
STATE PASS NSC FOR QUANRUD AND BRYZA
USDOC FOR 4212/ITA/MAC/OEURA/CPD/DDEFALCO
USDOE FOR PUMPHREY/ROSSI

E.O. 12958: DECL: 11/11/2012
TAGS: [ENRG](#) [ECON](#) [EPET](#) [AJ](#) [GG](#) [KZ](#) [TU](#)
SUBJECT: MFA ON TURKEY-GREECE GAS INTERCONNECT

REF: ANKARA 8018

Classified by Econ Couns Scot Marciel, Reason 1.5 (b,d)

11. (C) Summary: MFA Deputy DG for Energy Hakki Akil reiterated to Econ Couns BOTAS's request for USG assistance in encouraging the Greeks to accept paying a higher price for natural gas from Turkey in the short-term for the long-term benefits the Turkey-Greece interconnect would provide. Akil also said that BOTAS General Manager Gokhan Bildaci was key to progress on East-West energy corridor issues, noting that he would encourage his AK party contacts not to replace Bildaci. End summary.

12. (C) MFA Deputy Director General for Energy, Water, and Environment Hakki Akil called in Econ Couns November 12 to request USG assistance in encouraging the Greeks to accept paying a slightly higher price for gas from Turkey (compared to the price it says it pays for gas from Russia) in the short-term for the long-term benefits the Turkey-Greece interconnect would provide. BOTAS General Manager made the same request to econoff November 4 (reftel). Akil said the Greeks claimed they could not accept a higher price than what they were paying Russia for gas; however, he was not convinced the price they quoted was the "real" price they were paying the Russians. (Note: Akil commented that it would be useful to know what the Europeans, including Greece, were paying Russia for gas, and asked if that was information the USG could provide.) Still, Akil said, even if Greece did have to pay an additional USD five million more over two years for gas from Turkey (his quick estimate), wouldn't that be a small price to pay for a significant political and strategic returns?

13. (C) Akil noted that, for its part, BOTAS was willing to waive all transit fees and offer Greece a price slightly lower (about one dollar) than its current lowest purchase price. Based on figures provided by BOTAS (reftel), that would put DEPA's purchase price at about USD 122 per thousand cubic meters. Once the (cheaper) Shah Deniz gas came online, Turkey and Greece could renegotiate a lower price. Econ Couns responded that, while the U.S. did not want to intervene in DEPA-BOTAS negotiations, we did want to encourage progress on the Turkey-Greece interconnect. He said he would pass this information on to EB/CBED Ambassador Mann, who would be in Athens the following week.

14. (C) On the broader subject of Caspian gas to Europe, Akil said Turkey had been busy since MFA Deputy U/S Kilic and Ministry of Energy U/S Yigitguden's September meetings in Washington. BOTAS now had signed memorandums of understanding to pursue interconnect options with Bulgaria, Hungary, Romania, Bosnia, and Austria. He said the GOT appreciated our efforts with the Europeans, and looked forward to discussing the next stage of our joint "action plan" over the next month.

15. (C) On other issues, Akil noted that Turkey had resumed the flow of gas from Iran on November 11, and would start receiving Blue Stream gas on December 20. Reflecting on AK's election victory, he said he was certain that, at the Ministry of Energy, the Minister and Under Secretary would be replaced, but some of the Deputy Under Secretaries may remain. He stated that he was mostly concerned about BOTAS General Manager Bildaci, noting that Bildaci was honest, smart, and extremely knowledgeable, particularly on the BTC contracts. Akil said he would try to convince his friends in AK to keep Bildaci on as long as possible.

PEARSON